

Message Text

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ORIGIN ARA-10

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NSC-05 PA-01 PRS-01 USIE-00 SSO-00 NSCE-00 SCS-03

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DRAFTED BY ARA/CEN/CR:JGSULLIVAN:HLB

APPROVED BY ARA/CEN - DAVID LAZAR

SEC - T.VONSTEIN (SUBS)

JUSTICE - J.WING - (SUBS)

L/M/SCA - L.HUMMER

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FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE IMMEDIATE

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E.O. 11652: N/A

TAGS: PFOR, PGOV, CS

SUBJECT: VESCO CAPITALIZING ON SEC STORY

REF: SAN JOSE 1011

1. THE KEY DISTORTION IN VESCO'S ACCOUNT IS HIS USE OF THE WORD "AGAINST" IN HIS RELEASE AS IN "CONFESSED TO HAVING GIVEN FALSE TESTIMONY AGAINST ME". IT APPEARS PREFERABLE TO US THAT EMBASSY NOT BE ENGAGED DIRECTLY ON THIS ISSUE. WE SUGGEST THAT LOCAL PRESS BE REFERRED TO WALL STREET JOURNAL OF MARCH 7 WHICH MAKES CLEAR THE DISTORTION USED BY VESCO IN HIS ADVERTISEMENT.

2. TEXT OF MARCH 7 WALL STREET JOURNAL ARTICLE FOLLOWS:

BEGIN QUOTE:

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"NEBRASKA REFEREE SAYS BAR SHOULD DISCIPLINE EX-SEC CHIEF
COOK"

LINCOLN, NEB. (UPI) - A SPECIAL REFEREE RECOMMENDED DIS-
CIPLINARY ACTION BY THE NEBRASKA BAR ASSOCIATION AGAINST G.
BRADFORD COOK, FORMER SECURITIES AND EXCHANGE COMMISSION
CHAIRMAN IN THE NIXON ADMINISTRATION.

REFEREE JOHN H. KUNS, A RETIRED STATE DISTRICT COURT
JUDGE, RECOMMENDED AGAINST DISBARMENT. INSTEAD, HE
RECOMMENDED TO THE NEBRASKA SUPREME COURT, WHICH HANDLES
SUCH QUESTIONS, "DISCIPLINARY ACTION TO THE EXTENT OF
CENSURE OR REPRIMAND."

A COMPLAINT FILED WITH THE BAR ASSOCIATION HAD CHARGED
THAT MR. COOK WAS GUILTY OF PERJURY ON HIS OWN ADMISSION
THAT HE LIED TO A GRAND JURY AND CONGRESSIONAL COMMITTEES
ABOUT THE CASE OF FINANCIER ROBERT VESCO.

"IT SEEMS HIGHLY UNLIKELY THAT HE WILL EVER REPEAT ANY
MISCONDUCT," MR. KUNS SAID.

THE SEC HAD FILED SUIT AGAINST MR. VESCO, SAYING HE LOOTED
MUTUAL FUND INVESTORS OF 224 MILLION DOLLARS. MR. COOK
TOLD A GRAND JURY AND CONGRESSIONAL COMMITTEES THAT HE
DIDN'T DISCUSS THE VESCO CASE WITH OTHER ADMINISTRATION
OFFICIALS, NAMELY, MAURICE STANS FORMER SECRETARY OF
COMMERCE, AND JOHN MITCHELL, FORMER ATTORNEY GENERAL.

MR. COOK LATER CONCEDED THAT HE HAD DISCUSSED THE VESCO
CASE WITH MR. STANS AND HAD EVEN DROPPED FROM THE LAWSUIT
ANY MENTION OF A SECRET 250,000 THOUSAND DOLLARS CAMPAIGN
CONTRIBUTION MR. VESCO MADE TO FORMER PRESIDENT NIXON'S
1972 REELECTION BID.

MR. KUNS SAID THAT, BASED ON THE EVIDENCE, IT APPEARED
MR. COOK "CAME TO A CLEAR REALIZATION OF HIS FAULT," IN
THAT HE WROTE A LETTER TO SEN. WILLIAM PROXMIRE (D.,
WIS.) SAYING HE LIED AND LATER TOLD THE WHOLE STORY UNDER
OATH BEFORE MR. PROXMIRE'S APPROPRIATIONS SUBCOMMITTEE.

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MR. KUNS SAID MR. COOK "DID ALL IN HIS POWER TO RECTIFY
HIS WRONG" AND, AT ONE POINT, VOLUNTARILY REFRAINED FROM
PRACTICING LAW WHILE QUESTIONS WERE BEING ANSWERED.
END QUOTE.

3. WALL STREET JOURNAL ARTICLE OF MARCH 29, 1974 COVERS
COOK'S TESTIMONY AT THE MITCHELL-STANS TRIAL. INGERSOLL

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